EXHIBIT F

TO THE DECLARATION OF CLAUDE D. MONTGOMERY, ESQ.

In the Matter Of:

CITY OF DETROIT, MICHIGAN

Case No. 13-53846

CHARLES M. MOORE

September 18, 2013

A. The rate of payouts is another area where the actuaries make assumptions as to what benefits will be paid in what periods and to the extent that those are underestimated, that can impact the funded position as well. Tying into previous assumptions that I had indicated.

Q. So is it -- is it your position that the City views the actuarial payout assumptions as understating unfunded liabilities?

MR. MILLER: Object to form. Go ahead.

A. As an example, Mr. Ruegger, the actuarial valuation assumes certain payouts. The actual payouts in the most recent completed year of plan assets were substantially higher than what was anticipated prior to that valuation being done and so at a minimum that would indicate that there were more assets that were paid out than what was assumed by the actuary.

Q. Other than the assumptions and methods you've identified, are there any other assumptions and methods that to your understanding the City views as understating the systems' unfunded liabilities?

A. The City and most importantly its actuary has not completed its analysis on the unfunded position. The City is trying to undertake a process to actually develop a more concrete valuation model on its own so

it's been relying on the valuation model of the pension systems' actuary. As such we have focused on a few items here, but until the City completes its analysis and completes its own actuarial valuation, neither the City nor its actuary nor I would be able to say what all the assumptions are that could be used to either overstate or understate the funded position.

Q. Very well.

Let's turn to one of the assumptions that you address in your declaration and specifically in paragraph 11 you talk about the projected net rate of return. The 7.0 percent or 7.25 percent figure, do you see that in paragraph 11?

A. Yes, sir.

Q. Those were not figures that were recommended by a particular actuary; were they?

A. The 7 percent is actually higher than the rate that Milliman, the City's actuary, had originally put forward, which in its view would result -- the rate at which there was a fifty-fifty chance of achieving that rate.

MR. RUEGGER: All right. I'm going to move to strike, because with all respect that was not responsive to my question, Mr. Moore.

Q. I understand Milliman has prepared a variety of

from an actuarial standpoint and no new benefits accrued and you experience a 7.9 percent assumed rate of return -- or actual rate of return, what would happen to the plan assets.
Q. Let me ask you if you have Moore Exhibit 3 there, I want to ask you a few questions with regard to that.
Let me direct you to page 95 of that presentation. Hang on for a second. I'm sorry, I was in the wrong place. Page 109. Looking at the heading there, claims for unfunded pension liabilities.
A. Yes, sir.
Q. Were you involved at all in the drafting of that part of this presentation?
A. I don't think I wrote that, but I was aware of this language.
Q. Okay. How about the specifically the language of the third bullet point? Because the amounts realized on the underfunding claims would be substantially less than the underfunding amount, there must be significant cuts in accrued vested pension amounts for both active and currently retired persons. Were you involved in formulating that?
A. Yes, sir.
Q. And has the City -- I noticed in this presentation there's no quantification of what -- of the cuts that

would be -- that in the City's view must occur; correct?
A. Correct.
Q. Has there been a specification of those level of cuts that the City contends must occur?
MR. MILLER: Object to form.
Q. I mean, have you put a dollar amount on it?
A. No, and our analysis of this continues. Right now we still don't know what assets could be available to put towards the pensions. We still have not had the type of dialogue that we would like to have related to the calculation of the unfunded amount, so because of those two uncertainties among others we don't know what cuts, if any, there may need to be.
Q. Well, doesn't it say there must be significant cuts? Am I -- are you saying that there's some -- that the City's position may be that there are no cuts that are necessary in accrued vested pension amounts?
MR. MILLER: Object to form.
A. We don't know. That's where we want to continue to engage in discussions and negotiations with the parties, but depending on what the unfunded amount is and what assets may be available for those claims, it certainly is possible.
Q. So maybe that should have been worded there may be

State of Michigan)
County of Genesee)

Certificate of Notary Public

I certify that this transcript is a complete, true and correct record of the testimony of the witness held in this case.

I also certify that prior to taking this deposition, the witness was duly sworn or affirmed to tell the truth.

I further certify that I am not a relative or an employee of or an attorney for a party; and that I am not financially interested, directly or indirectly, in the matter.

WITNESS my hand this 20th day of September, 2013.

Jeanette M. Fallon

Jeanette M. Fallon, CRR/RMR/CLR/CSR-3267
Certified Realtime Reporter
Registered Merit Reporter
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My Commission Expires: 9-19-18